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But they are usually in this ballpark. Certainly over 2,000 would be left with 100 percent of the bill. The question is whether we make the calculated, intelligent judgment to invest in this kind of plan that Democrats are offering that in fact puts a minimum of a \$25-a-month premium, I know things are sort of meshing and forming, but has a deductible, has a co-insurance, but responds to those low-income seniors and others. That is what we are suggesting, voluntary and universal.

This way we are not precluding, we are not indicting anyone, or segmenting one economic group versus another. What we are suggesting is that gaping hole between \$2,000 and \$5,600, we would be doing nothing if we did not pass legislation that respond to that.

Mr. PALLONE. Mr. Speaker, reclaiming my time, the Democratic proposal, which is like part B, which is the part of Medicare that pays for the doctors' bills, there is a premium, low deductible, and 80 percent of your doctors' bills are paid for under part B, and almost everyone signs up for it because it is a good deal.

We are suggesting we do the same thing with prescription drugs. What I think is important, particularly for poorer people or people who do not have the money to pay for the premium, just like under part B for your doctors' bills, if you are below a certain income, we pay for that premium. If you are a little above that, we pay for part of the premium. We would be doing the same thing under the Democratic proposal for prescription drugs. That \$25 premium that you would pay per month for the prescription drug benefit under Medicare, would be totally paid for by the Federal Government if you are below a certain income; and if you are just above that, it would be partially paid for by the Federal Government. So no one would not be able to get the Medicare benefit because they could not afford the premium.

Ms. JACKSON-LEE of Texas. Mr. Speaker, that is an excellent point. As well, I think it is important to note, and again this is not a time to speak to the condemnation of any HMOs or plans, but you will not have to be in an HMO, as I understand it, to receive this coverage. I think that is a key element as well.

As I close, let me also say to the gentleman, and I started out by saying this is a crisis, and I just wanted to note that some of our good friends are recognizing this, have proposed legislation to deal with the importation of drugs from Canada. This is not a commentary, but this suggests to the American public that this is serious, that we have been without any redress and without any ability to address this crisis. We have had to go to the point of seeking an opportunity for seniors to get drugs in Canada.

I just ask the question to the gentleman, can we not do better? I applaud

this legislative initiative. I applaud it and support it because I need help for my seniors. But cannot America and this Congress turn its attention to what seniors are facing across the land? This is not a New Jersey problem or Minnesota or Michigan problem. It is across the land.

I have been saddened by having to meet with seniors time after time and have them raise their hand for a question asking about the prescription drug benefit, as if I am coming home without what I promised. I cannot imagine that we can go any further without doing this, and recognizing we have a valid plan and we have a crisis. We have the evidence that our country is willing to address this by sacrificing a tax cut and providing a prescription drug benefit.

Mr. PALLONE. Mr. Speaker, I thank the gentlewoman for her points. The gentlewoman's last point spoke about the fact that many seniors are forced, particularly if they are in the border States, to go to Canada where they can find the lower drug prices. That should not be the answer. I agree with the gentlewoman 100 percent, but it makes me point to one other thing which we have not really stressed that much tonight but needs to be stressed, and that is as Democrats we want a prescription drug plan.

We are going to lay that plan out tomorrow at a press conference at 11 on the steps of the Capitol, but the issue of prices for drugs is not just something that seniors face. All Americans face it. This prescription drug plan under Medicare will solve the problem for seniors, but the pricing issue is still a problem for everyone else.

We need to look at that as well. We need to, if the option is for some people because they are close to the border to be able to go to Canada and buy cheaper drugs, let them do it. We need to plug up these patent extensions. We should not allow companies with brand names to get patent extensions just because they have some money that they are throwing around this place because that prevents generics which are a low-cost competitor to these brand-name products from coming to market.

I think we should also plug up this advertising loophole where they get these tax breaks for the advertising that they do. I can understand a tax break for research, but why a tax break to advertise brand-name drugs? There are a lot of things that need to be done in a larger sense that do not just relate to seniors to try to bring drug prices down, because this is a crisis for every American, but particularly for seniors who are so dependent on some of the drugs and the cost for them is so prohibitive.

But it is a problem in general. The Republican leadership does not even want to address the price issue in the context of Medicare, let alone if we talk about it in the larger context of all Americans. We need to bring prices down for everyone.

Ms. JACKSON-LEE of Texas. Mr. Speaker, just quickly, one of the comments made in this evening's discussion is we need an overhaul of Medicare with the various health components that are part of the Medicare system brought to the table.

I actually believe points made by the gentleman from New Jersey (Mr. PALLONE) could be discussed and resolved in a meaningful, coming together in discussion, not in an adversarial, way. I would hope that the major entities, hospitals, pharmaceutical companies, the medical profession, we need some reform with nursing. Why do we not bill nursing services? We have a nursing shortage, hospitals cannot pay nurses, nurses are not getting compensated, and that is a suggestion that we bill nurses as we bill physicians. And my point is, if we do not do this in anger or anguish, pricing questions need to be resolved. We might be better for it if we begin to look at ways that we can even out the cost. If we get to the point that the cost is so insurmountable that hospitals close, nurses are not available, pharmaceutical companies are not making money because the enterprises are not in business any more, I think that is common sense.

Mr. PALLONE. Mr. Speaker, I will just say one more time as Democrats, we are determined first to address the issue of drug prices; and, secondly, to provide a Medicare benefit, a guaranteed Medicare benefit for all seniors. We are going to be unveiling our Medicare prescription drug proposal tomorrow. I know it is a good one. I hope that the Republicans will seriously take a look at it and not go down this privatization plan that they have been talking about.

INTEGRITY AND HONESTY IN THE CORPORATE WORLD

The SPEAKER pro tempore (Mr. KELLER). Under the Speaker's announced policy of January 3, 2001, the gentleman from Michigan (Mr. HOEKSTRA) is recognized for half the time remaining until midnight, or approximately 20 minutes.

Mr. HOEKSTRA. Mr. Speaker, last night I came to the floor, and I talked about an issue that I have a passion for. It is about integrity and honesty in the corporate and business world.

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I talked a little bit about some of the revelations that have gone on in the last few months, really beginning with the scandal at Enron, Arthur Andersen and those types of things. And I want to talk a little bit more about that tonight because the stories in the papers today just keep building on this issue.

Today, USA Today: "Stock Markets Sink to New Lows for 02." The bottom line is that this lack of integrity and this breaking of the public trust by corporate business and business leaders has had a real and a dramatic impact

in our economy. The public is losing faith and trust in our corporations because of these many examples.

Why is this? Let us go back and take a look at what our system is based on. I have quoted a former boss of mine at Herman Miller Corporation who has written a number of books talking about leadership. One of his latest books, "Leading Without Power," Max De Pree, a Fortune 500 CEO, wrote about the importance of people having trust and confidence in the American economic system in order for it to work. He states: "When you stop to think about it, it is astounding that anything as complex as the trading of stocks, bonds, commodities and futures ultimately depends on trust, a value, not a statute, not an SEC regulation, not even a government mandate. The system works on trust."

Where are we today? Again, USA Today, front page of their money section, the top headline is "Wait for Verdict Raises Fear of Hung Jury," but here is a story that really just builds on exactly what I was talking about last night, and actually they say it much better than I do. Their cover story on their money section is "How did Business get so Darn Dirty? Experts blame greed. Reforms come slowly."

Double dealing Wall Street analysts. Sleazy accounting. Cooking the books to goose corporate profits. Bogus stock trades. Greed and corruption have always lingered at the edges of corporate America, from Civil War profiteers to inside-trading scandals of the '80's. Yet the new millennium has ushered in a wave of fraud, corporate malfeasance, investment scams, ethical lapses and conflicts of interest unprecedented in scope."

The end result: a lack of public trust, shareholders, customers and employees feeling devastating financial consequences, and stock markets sink to new lows for 2002.

The fallout is a prime reason stocks continue to flounder. And despite calls among politicians, regulators, and Wall Street for sweeping reforms, little is being done to change rules for corporate conduct.

That has to change.

What are some of the examples out there as to why the American public is losing their confidence in the corporate business world? Here are some examples: Baltimore currency trader John Rusnak indicted for bank fraud for allegedly hiding nearly \$700 million in losses. Alan Bond, former regular on "Wall Street Week" with Louis Rukeyser, convicted Monday of defrauding clients of \$56 million.

There is a nuttiness that we're seeing. Boost performance by any means. The temptation to cash in grabbed lots of people.

Here is an interesting one: Dennis Kozlowski, think about it. Here is a guy that over 3 years made over \$300 million as compensation as Tyco CEO, forced out over an indictment for tax evasion. \$300 million, over \$100 million a year, and the guy appears to be unwilling to pay sales tax. Let the rest of the American people pay sales taxes, because \$300 million, \$100 million a

year, I just cannot afford to pay sales taxes.

The question to this individual, Mr. Kozlowski, if this is an accurate portrayal, when is enough enough or when does it simply become greed?

You just go on. Software provider MicroStrategy, trading at \$333 per share. Today, it is trading at \$1.15. The CEO, Michael Saylor, and other executives later paid \$350,000 in fines to settle SEC allegations of accounting fraud and paid \$10 million to settle shareholder lawsuits.

I am not sure exactly what the CEO walked away with, but I would guess that he walked away with a lot more than the \$350,000 that he paid in fines.

Enron executives sold millions. The real tragedy and the real shame here in America is that as these executives lead their companies down a road of shady dealings, activities to deceive and hide the true viability of their business from their customers, their shareholders and their employees, it seems that for some of these as their employees and shareholders face financial ruin, for these few executives it has come to mean a golden parachute. In this kind of world, lower standards prevail. Honor and trust continue to falter elsewhere, but they are really faltering in the business community.

I want to just highlight one other example. This is from our State of Michigan. This impacts and shows how again individuals, shareholders and employees get hurt when leadership breaks the public trust.

CMS Energy shares drop. Suspect trades help drag Detroit-based firm's stock down more than 35 percent since January.

CMS Energy Corporation's stock fell 10 percent Tuesday after its former accounting firm said its opinions on the energy company's financial results for the last 2 years can't be relied on.

Excuse me? It can't be relied on.

Here is something that I find really ironic: "Last month CMS fired Andersen because of the accounting firm's link to the Enron Corporation scandal." What is the problem with CMS? CMS simultaneously sold power to and bought electricity from other energy companies to artificially boost the volume of its deals. CMS, this is like the pot calling the kettle black. They are doing bogus sales to boost the volume, deceive their employees, their shareholders and their customers; and at the same time they are firing Arthur Andersen because of the accounting firm's link to the Enron Corporation scandal.

And here is now a response from an analyst. They have engaged in bogus trades, their auditing company says we cannot really support the opinions for the last 2 years on our audits, and here is one analyst's response: "The market is overreacting to Andersen's statement. People are really fidgety these days."

No kidding. What would you think they would be? Let us see, they have invested a ton of money, the stock is down 35 percent, the auditors are say-

ing, the last 2 years of financial statements, we can't vouch for those anymore. And, by the way, the company has admitted that it has engaged in a bunch of bogus trades to inflate the health and the vitality of its business. And people are fidgety.

They have a right to be fidgety. The leaders of this company broke the public trust. The auditors did not do their job and people are fidgety. I would guess so. Because their stock has dropped by 35 percent, and my guess is that the executives of this company are going to walk away with a bundle of money.

Just a few more examples. This is what happens when the companies go down, employees and shareholders and customers are hurt. What happens to the executives? Enron, Ken Lay. Ken Lay is doing all right. He sold \$1.8 million shares for \$101 million. Jeff Skilling, he sold 1.1 million shares for \$66.9 million. They sold those shares for around \$50 to \$60 a share. Rebecca Mark. She only walked away with about \$80 million. She sold her shares at about \$60 a share. Robert Belfer, he is a director. He only made \$51 million.

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He sold 1 million shares for \$51 million, \$51 a share. If any of you want to buy Enron, I bought some a while back. I just wanted to see how these people explained their behavior to their shareholders. I think I bought 50 shares. I did not pay \$51. I did not pay \$60. I did not pay \$70. I paid exactly what you can do if you call your broker, unless maybe the stock has doubled. I bought it for about 20 cents a share. If I made a good investment, you may have to pay 40 cents a share. I am not sure what happened to the stock price. But these guys walked away with a bundle of money.

Mr. Kozlowski, the individual from Tyco, \$100 million a year was not enough. He did not want to pay sales tax. Under Mr. Kozlowski's leadership, quote, unquote, Tyco lost \$86 billion in market value. According to Reuters, "A pattern of lucrative payouts to board members and top executives at the troubled manufacturer raises questions about whether they had incentives to keep tabs on the spending of disgraced former chairman Dennis Kozlowski. The question is now whether he will receive less than \$135 million in a severance package than if he had been fired."

Mr. Kozlowski has been indicted and the question is whether it will trigger a wider probe into Tyco.

CEO, Lucent Technologies. Mr. McGinn, former CEO, will receive \$5.5 million in cash. They are going to pay off a personal loan of \$4.3 million. His performance at Lucent, the Securities and Exchange Commission is investigating possible fraudulent accounting practices while Lucent employees are suing the company for a breach of fiduciary responsibility by inappropriately allowing employees to add company stock to their retirement plans.

WorldCom. Mr. Ebbers will receive \$1.5 million a year for life. His performance, WorldCom is being investigated by the SEC for possible fraudulent accounting practices. Its credit rating has been reduced to junk status and has been removed from the Standard & Poors 500 index. Good job. Congratulations under your \$1.5 million per year.

It is a disgrace. I hope that the business community steps up, because the bottom line is that millions of American businesses who practice honesty and really do lead with integrity and maintain the public trust and recognize that it is a public trust, will most likely pay the penalty for the failed leadership of these executives. These people walked away with golden parachutes, and many of them left their companies in shambles and left their employees' and shareholders' financial conditions in shambles. They walked away with a golden parachute. Their legacy to American business is this Congress and the business community is now going to have to face a mandate and a multitude of new business regulation.

The problem is, let us not forget that in the end, this is about integrity, it is about trust, it is about common sense, and it is about decency, all leadership qualities that cannot be legislated, and in many cases leadership qualities that were expected of these individuals, because they hold the public trust and they walked away from it.

I yield to my colleague from Colorado.

Mr. SCHAFFER. I appreciate the gentleman yielding.

Mr. Speaker, I have heard my colleague from Michigan now speak two nights in a row on this very topic, and I want to commend him, because it is late here tonight. I was in my office and I heard the gentleman begin on the subject, and I ran over here to join him and to encourage him on this topic.

I do not care how late it is, and I do not care how many times we have to hear it, but this is something that we need to speak about more often. Let me be a little critical of our own party, if I can. We are Republicans, we are conservatives. We share a passion for free market capitalism together. You know, this is a subject on which Republicans ought to be vocal, as the gentleman has been, and we ought to see more of us from our side of the aisle here.

I will tell you why, because these individuals in corporate society in America who are betraying their investors, betraying the employees of these companies and trying to get away with outright theft, are threatening our very existence as Americans. They are threatening our way of life and traditions of free market economics, driving what historically and traditionally has been the most powerful economic force on the planet, and that is the United States of America.

Mr. HOEKSTRA. The gentleman and I have talked about this. I appreciate

my colleague's support. What we have said is in some ways these people are accomplishing, these business leaders, because of their failure to exercise true leadership, are accomplishing what the terrorists could not.

We bounced back after September 11, believing that we could rebuild America, and we are. They put the final piece back on the front of the Pentagon, I think, this week. We are strong and we are going to overcome that and are going to know we can move forward in the face of this terrorist attack. But people are questioning the strength of our system, and stocks are down, not because of the terrorist attack on September 11, but because of the scandals in the business community.

Mr. SCHAFFER. I do not think that the magnitude of this tragedy can be overestimated. It is quite serious. The gentleman is right, there are many people in this Congress and in this country who have rebelled against capitalism for years and years, who think our capitalist way of life in America ought to be thrown out; that we ought to, I guess, go the way of some of the socialist nations of Europe and perhaps even the communist nations in experiments that have been tried and failed around the country.

We, as conservatives, free-market-oriented legislators, we vigorously defend and put our political capital on the line in the notion of free markets. It has served this country well. It has led us to a point of prosperity in this Nation that was beyond imagination for our forefathers and those who have been the pioneers before us here in America and those who have served prior to us here in Congress fighting to preserve free market capitalism in the country.

These individuals who are cheating and lying and resorting to deception and betrayal, I will tell you what, they are the scumbags of American industry. I am fed up with it. I think Republicans ought to be leading the charge to try to suggest that American industry ought to really rise up to try to police itself, because it is these few bad actors who are trying to get away with stealing millions, sometimes billions of dollars, that give the entire business community just a black eye that is very damaging. It threatens investor confidence.

I think this is a point at which investors and consumers ought to really rally the cause, not to look to government for solutions, though I think there are some places where we have a legitimate role to play, but this needs to be policed where it matters the most, and that is with Americans themselves, free Americans who understand the importance and power of a free market system and the importance of capitalism and believe very firmly in it.

Failure to address it at the serious level it warrants really empowers those who want to destroy capitalism from a

bureaucratic perspective. We fought too hard to come here to Congress to allow that to happen.

So I want to commend the gentleman for raising this issue. These organizations, Tyco, CMS Energy, Enron, Lucent and others you mentioned, there are board members elected by stockholders. Their job is to make sure the stockholders' interests are protected, not those few privileged that end up running away selling what is the moral equivalent, I suppose, of sweets on the Titanic. It is their job to make sure that American industry is preserved at a level of integrity that Americans deserve and Americans have come to expect.

I would suggest maybe one other thing. What business schools are producing these individuals, these scoundrels trying to get away with these kinds of crimes? Where do they come from? Those business schools and colleges ought to be held accountable as well, not only for producing these scumbags, but also for perhaps suggesting, maybe telling Congress as to what kinds of changes in the curriculum they are making to improve the quality of business ethics within their colleges and universities.

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Maybe we ought to hold them accountable, bring them here in front of hearings, in front of Congress and ask them to provide some solutions so that the captains of industry of the future perhaps have a little higher integrity than these few bad actors are demonstrating.

The SPEAKER pro tempore (Mr. KELLER). The gentleman from Michigan (Mr. HOEKSTRA) is recognized for the balance of the time until midnight.

Mr. HOEKSTRA. Mr. Speaker, I thank the Chair, and I thank my colleague for joining me.

I just want to close on this issue, because I know we want to talk about another issue that the gentleman and I both have a passion for but, like I said, I really thank the gentleman for being down here. This is an issue that Republicans need to take head on. We recognize how important this private sector is; we also recognize how fragile it is. Our system is based on trust. And when these folks break the trust and they walk away with millions or billions and are not held accountable, they weaken the entire system, and we are going to need to put in place, and I hope it happens in the private sector because we really cannot do it very effectively through Congress; but the boards of directors need to stand up and recognize their accountability to the shareholders, to their customers, to their employees; not to their colleagues on the board and not to senior management. They have to get a renewed appreciation for their role, and I think it is our job to point out what is going on here.

Mr. SCHAFFER. Mr. Speaker, if I could amplify that, I want to be frank

and open and honest with respect to the political realities of this. Republicans and conservatives around the country cannot afford to stand by and abandon the field to our friends on the left on this topic. We cannot stand silent and allow those who are the advocates, the Democrats in America, the liberals in America, the advocates of greater government control, greater bureaucracy, a government-managed economy; we cannot allow those advocates to somehow gain the upper hand in controlling America's economy predicated upon the crimes of just a few. These are very, very serious incidents that have occurred throughout the country, and we need to take the moral high ground as the Republican Party.

I would really urge all of our colleagues to come duplicate this Special Order and hold their own, to hold more hearings here in Congress. I think we desperately need that. I would encourage our friends throughout the country who care about these issues and who believe a conservative viewpoint in America is essential and is superior of that of the left, to write letters, to get on radio talk shows, to be as forceful and vocal as they possibly can within the political context of America.

This is an issue that conservatives ought to resolve. We owe this as our legacy to the country and our philosophy and our belief to take the moral high ground and to manage this situation in a way that corrects these atrocities and brings us back to what is expected and customary in American society in business. Because our failure to be forceful and vocal will abandon the floor to the wrong people who, in the end, have a much more dangerous and pernicious agenda for America's economy and America's industry, and that is, quite frankly, government control.

Mr. HOEKSTRA. Mr. Speaker, that is exactly right. If corporate America does not step up and deal with these abuses, or if we do not stand up here on the floor of the House and highlight these abuses and push the business community to come up with solutions through the private sector, the end result will be massive new government regulations, which will not have much of an impact, except putting many more costs on our businesses, driving away jobs, driving away creativity and productivity. This is about honesty, decency, and it is about the survival of the free market system, the capitalistic system, based on trust and us standing up and acknowledging that this is based on trust, it is not based on government regulation, and we need to move forward and we need to put pressure on the business sector to step up and deal with this.

I have been absolutely amazed. I came out of the business community. I worked for a Fortune 500 company. But I have been amazed by the deafening silence of the business community speaking out on these kinds of issues. I

mean think about it. Companies that are involved in bogus trades, auditing companies that do not audit, sales that are not there, profits that are not there, excessive salaries, and the rest of the business community has basically been quiet. As this one analyst said, well, people are fidgety. Yes, because for many of our constituents, for many of my constituents who work at CMS probably have some kind of a profit-sharing plan or have some of the retirement put into CMS stock. Since January 1, the stock is down 35 percent.

Yes, those people are fidgety, because their company had bogus sales, the company deceived their employees, got them to invest in that stock on a false premise, and they have now lost 35 percent. Yes, I would be fidgety too, because these are people who are near retirement, some of them maybe are on retirement, and they have looked at their nest egg just kind of shrink and evaporate, and now people are saying, well, they are just fidgety, they are overreacting. No, they are reacting exactly the way we would expect them to act, when the leadership of their company has failed them and lied to them and when the leadership of their company walks away with millions and they have lost 35 percent. That is not right.

Mr. SCHAFFER. Mr. Speaker, when it is predicated on fraud, when it is predicated on deliberate acts of deceit, those people who committed those crimes ought to be in jail and they ought to serve a long, long time before they ever see the light of day again. I firmly believe that.

Not only that, I just want to reiterate what I said before. Who is producing these clowns? What business schools are they coming from? Let us find out what business schools, what college professors train people to believe that they can lie and cheat and steal here in America and somehow live in lavish houses and get away with it.

The message needs to be sent that anybody who trains these kinds of clowns needs to be exposed right along with the perpetrators. The perpetrators need to go to jail. My goodness, we ought to have a review of the curriculum in business schools to find out what kinds of ethics classes that they are exposing American students to, because it is not good enough, and we just have to bring this to an end as quickly as possible. It will destroy American society as we know it. This is a huge threat. The magnitude of this just cannot be overestimated and overstated.

Mr. HOEKSTRA. Mr. Speaker, it is kind of interesting, when I come back and we do our next Special Order on this topic, I will bring along a copy of an op-ed piece written by Jack Colson, because that is exactly the question that he asked, which is who is training these clowns? Because the message that clearly is being taught in many of

our business schools, it is okay, as long as you do not get caught. No harm, no foul. I sell you \$1 billion worth of energy, you sell me \$1 billion back, immediately after that, we are now both a \$1 billion company. If we do it twice, we are each a \$2 billion company. If we do it 4 times, we are a big company now. We have not created any profit, we have not created anything, and no harm, no foul, but we have now just presented to the American public that we are both a \$4 billion company.

That is what these folks did, and for one of these companies, it was 80 percent of one of their division's volume, bogus trades, just trading it back and forth and 2 companies saying, wow, look how big we are.

Somewhere in the business schools, they said, well, as long as you are not breaking any laws, it is okay. Game the system, and do not worry whether it is really not right, but game the system and you are okay as long as you do not get caught. And the bottom line is, for many of these people, it has gotten to be an issue of greed.

This head of the TYCO, and I have a passion about this TYCO company. They came into my district a few years ago and they bought a nice little small company, 400, 500 employees, and they said, we are going to keep it the same, we are going to keep it the same, we are going to keep it the same. They finished the sale and the next day, they locked the doors. Now we know what kind of man was running that company. He did not care about the employees, because he let them go the day after. He did not care about the business. He walked away with \$334 million, and the biggest insult of all was when it came to paying sales tax, he said, I am not going to pay sales tax, because you know what I can do? I can buy something through the company, I can buy it in New York City, but if I ship it to Connecticut or somewhere else and then they can ship it back to me in New York because I shipped it to Connecticut, I do not have to pay any sales tax.

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And it is kind of like, when is enough enough? It was \$334 million. If he worked 7 days a week, 24 hours a day, he made about \$10,000 an hour every waking hour. By January 1, at 6 o'clock in the morning, he had made \$60,000 already, much more than most Americans will make in a year, and probably within the first 2 weeks of a year would have made more money than most Americans would make in a lifetime, and it appears that he was unwilling to pay a sales tax. It is kind of like, whoa. And that is the leadership of our, at least in this case, of one of our major corporations. He is leaving the company in ruins. The market lost \$86 billion.

We ought to talk about the other issue that the gentleman and I both have a passion for, which is education. The gentleman and I both serve on the

Committee on Education and the Workforce. We have spent a lot of time going around America taking a look at what works.

We have analyzed the bureaucracy here in Washington, recognizing that in many cases the Department of Education could not give us a clean set of books. That has now improved with the Bush administration. They are on track to give us a clean audit, we hope, this year.

But we have a system that funds about \$40 billion through the Washington bureaucracy, and what the gentleman and I are advocating for is a system that allows people to directly invest in their schools at home through an education tax credit based on what many of the States have done. It is really a unique and an exciting way to get more money into all of our schools for all of our kids, where the decisions to contribute and where the decisions as to how that money will be spent are made by people at the local level.

Maybe the gentleman just wants to expand a little on that.

Mr. SCHAFFER. Mr. Speaker, I thank the gentleman for yielding. The education tax credit proposal, in my mind, is one of the most exciting reforms we have seen here in Congress here in a long, long time. Its appeal is that it fosters school choice and more flexibility, really a market approach to American education, and it does so in a way that appeals more broadly across the political spectrum here in Washington and among the traditional education organizations than anything we have seen before.

It is better than vouchers because it is not a voucher at all. It does not represent the kind of strategy vouchers represent, but at the same time, it does promote school choice by focusing on students rather than institutions, and it is nondiscriminatory in its treatment of American school children. It is more fair than what we do today with conventional public education. It is far more fair than what would be proposed with something like vouchers, for example.

Here is how it works. It starts with the premise and the reality that every American is going to send a certain amount of cash, assuming they are taxpayers, to Washington, D.C.

Mr. HOEKSTRA. And assuming they are not trying to evade their taxes.

Mr. SCHAFFER. That is right. And the benefit in our bill, let me just start with the dollar amounts and some of the specifics, it is a \$250 benefit to every individual taxpayer in the country.

Well, \$250 is a certain dollar amount that every American is going to send to Washington under the current law. What we want to do is take \$250 of people's current tax obligation and give them a choice on how to spend it. They can continue to send it to Washington, as they do today, or if the bill passes, they would have a choice to continue to do that or to send \$250 to a local

school of their choice, a public school in the neighborhood, or maybe a scholarship organization that provides scholarship funds to low-income students so they can attend the school of their choice.

In order to actually increase the amount of money invested in education in America, this tax credit is a 50 percent credit. We will give \$250 back from the government if they will send that plus another \$250, \$500 total, to a school. That is the proposal.

It works very simply. If you make a \$500 investment, total, to a public school or a private school, or a scholarship fund so kids can go to private schools, we will change the Tax Code so you will get \$250 of it back out of the tax bill. It is a beautiful proposal. Six States are using it today. It has made a remarkable difference in the education opportunity for poor children in those States, and we want to do it for the country.

Mr. HOEKSTRA. Mr. Speaker, as the gentleman indicated, there are six States that are using some type of variation of this, whether it is Arizona, Minnesota, Pennsylvania, I think Florida, and they are all working on some type of plan like this.

But the exciting thing here, this is kind of like a voluntary decision by people at the local level that says I want to put more money into my local school, and they have the option of doing it. It builds that trust between a local parent, a local constituent, and their local school system.

If the school system can come up with a compelling need that says, hey, in Michigan we get money on a formula basis, and some of my school districts have some special needs, and they are saying, the money we are getting from Lansing just is not enough, and they have no alternative way to get some additional dollars, under this plan, they could go to the constituents in Holland and say, you know, we really want to keep this school open. This is in one of our target neighborhoods. We really think it is important. We know that this is not the most efficient way to run the school, but this is not necessarily always about efficiency. We want the best results. We think the best result is by leaving this school open. Are you willing to contribute a little bit to our school system to make that happen?

Under this system, there is an incentive for people to contribute and help build their school system to be one of the best school systems in the State, if not the country.

Mr. SCHAFFER. The current education funding formula at the Federal level is a very rigid, bureaucratic structure.

Mr. HOEKSTRA. It is very much that way at the State level.

Mr. SCHAFFER. This chart to my right explains how Federal education funds get from a taxpayer to a student here at the bottom. It is funneled through all of these different agencies:

The U.S. Treasury Department, the Congress, the U.S. Department of Education. Those dollars are distributed through the States, through State legislators, the politicians, the State board of education, the school district, the politicians and to the school. By the time the dollar makes it through this rigid process, there is scarcely 60 cents left of every dollar. What we are proposing is bypassing this nonsense and getting the money directly to children through a choice mechanism and more of a free market approach to schools.

Mr. HOEKSTRA. Mr. Speaker, I want to really reinforce the point my colleague made, which is that this system shrinks the taxpayers' dollar; that when we put a dollar at the top of that funnel, by the time it gets down to the student, that dollar has shrunk from \$1 to something like 65 cents.

In the education tax credit model, with the tax credit model, we actually grow the dollar. The person puts in \$2, but it only costs, or the reduction in Federal income taxes is only \$1, so we actually grow it. So if we invest \$1 there, we end up with 60 cents in the classroom. If we invest \$1 here, we end up with \$2 directly going to the student in local communities with, in this case, the local school board deciding how this money is going to be spent. In that case—

Mr. SCHAFFER. There are about 10 different steps.

Mr. HOEKSTRA. There are about 10 different steps, and a Washington bureaucrat telling us how to spend the money. Quite often when we go through that process they tell us what to do and it is going to cost \$2 million, \$3 million, but they do not give all the money to do it. This is a much more efficient and a much more effective system.

As the gentleman and I point out consistently, we are not talking about doing away with that system. We would love to reform it, to make it more efficient, but we recognize that there is a lot of built-in support for that system. It is going to stay. We are going to keep increasing funding.

What we are trying to do is to develop a complementary, a companion system that allows for more local control and local flexibility in terms of raising and spending money.

Mr. SCHAFFER. And we are going to start out small with the proposal just to prove that it works first, before we move further.

As we draw to a close here in the next couple of minutes, I just want to commend our President. President George W. Bush laid out a very bold and ambitious plan for American schools. He campaigned on it, and once he got elected it was the first order of business of his administration. His goal was to and is to improve American education and reduce the achievement gap that exists between underserved children, poor children, minority children, and those who are of more robust financial means.

He proposed accomplishing this through accountability, through more school choice, and through flexibility, and I regret to say that the Congress really denied the President two of those three objectives in the education bill that the President proposed. All we passed was the accountability, or the national testing provisions. The President is committed to continue fighting and moving forward on the school choice components of his education vision.

This tax credit proposal is really the next step in accomplishing that for the President, so I am grateful for his passion and commitment to these children in America. I am grateful for his commitment to the education tax credit proposal that we have developed. I am grateful for our Speaker and our majority leader, and our leadership here in the House, and the chairman of the Committee on Ways and Means and the chairman of the Committee on Education and the Workforce for all of their help and support in making this tax credit proposal a reality, because it will allow us to bypass this bureaucracy with just a small amount of money to begin to show in America how making the connection between taxpayer and school child will improve education dramatically throughout the country and begin to treat children like they matter, and also begin to expose American education to more of a free market approach.

Mr. HOEKSTRA. Mr. Speaker, the end result is the shared vision that we have with the President, that we have with our Speaker, and with the chairman of the Committee on Education and the Workforce to make sure we leave no child behind; that every child in America gets a first class education, and that they can compete on a worldwide basis.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mrs. JONES of Ohio (at the request of Mr. GEPHARDT) for today after 5:30 p.m. and the balance of the week on account of her son's graduation.

Mr. LYNCH (at the request of Mr. GEPHARDT) for today on account of family matters.

Mr. MENENDEZ (at the request of Mr. GEPHARDT) for today after 1:30 p.m. on account of being Democratic County Chair, State statute obligates him to conduct reorganizational meeting in which a new Chair is chosen.

Mr. OWENS (at the request of Mr. GEPHARDT) for today and June 13 on account of a family emergency.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. PALLONE) to revise and ex-

tend their remarks and include extraneous material:)

Mr. FILNER, for 5 minutes, today.

Ms. KAPTUR, for 5 minutes, today.

Mr. DAVIS of Illinois, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

Mr. GREEN of Texas, for 5 minutes, today.

Mr. ISRAEL, for 5 minutes, today.

Mr. LANTOS, for 5 minutes, today.

Mr. INSLEE, for 5 minutes, today.

Ms. SOLIS, for 5 minutes, today.

(The following Members (at the request of Mr. TIAHRT) to revise and extend their remarks and include extraneous material:)

Mr. GOSS, for 5 minutes, today.

Mr. TIAHRT, for 5 minutes, today.

Mr. GUTKNECHT, for 5 minutes, today.

ADJOURNMENT

Mr. HOEKSTRA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock midnight), the House adjourned until tomorrow, Thursday, June 13, 2002, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

7339. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Silica, Amorphous, Fumed (Crystalline Free); Exemption from the Requirement of a Tolerance [OPP-2002-0031; FRL-6835-5](RIN: 2070-AB78) received May 9, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

7340. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Pesticides; Removal of Duplicative or Expired Time-limited Tolerances for Emergency Exemptions [OPP-2002-0037; FRL-6835-7] (RIN: 2070-AB78) received May 9, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

7341. A letter from the Under Secretary, Department of Defense, transmitting the Department's report on the Defense Environmental Technology Program; to the Committee on Armed Services.

7342. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Revisions to the California State Implementation Plan, San Joaquin Valley Air Pollution Control District [CA 261-0337a; FRL-7171-3] received May 3, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

7343. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—OMB Approvals Under the Paperwork Reduction Act; Technical Amendment [FRL-7173-6] received May 3, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

7344. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Interim Final Determination that State has Corrected a Deficiency in the California State Implementation Plan,

San Joaquin Valley Unified Air Pollution Control District [CA 261-0337c; FRL-7171-5] received May 3, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

7345. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans South Carolina: Approval of Miscellaneous Revisions to the South Carolina State Implementation Plan [SC 42-200220(b); FRL-7207-2] received May 3, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

7346. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Air Quality Implementation Plans; West Virginia; Nitrogen Oxides Budget Program [WV 060-6019a; FRL-7288-4] received May 9, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

7347. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans; Minnesota [MN63-01-7288a; FRL-7165-7] received May 9, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

7348. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Revisions to the California State Implementation Plan, Tehama County Air Pollution Control District [CA 260-0339a; FRL-7174-5] received May 9, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

7349. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans; Illinois Emission Reporting [IL214-1a; FRL-7164-4] received May 9, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

7350. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to India [Transmittal No. DTC 08-02], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

7351. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to India [Transmittal No. DTC 09-02], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

7352. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to India [Transmittal No. DTC 50-02], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

7353. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to India [Transmittal No. DTC 02-02], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

7354. A letter from the Chair, Railroad Retirement Board, transmitting the semi-annual report on activities of the Office of Inspector General for the period October 1, 2001, through March 31, 2002, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform.